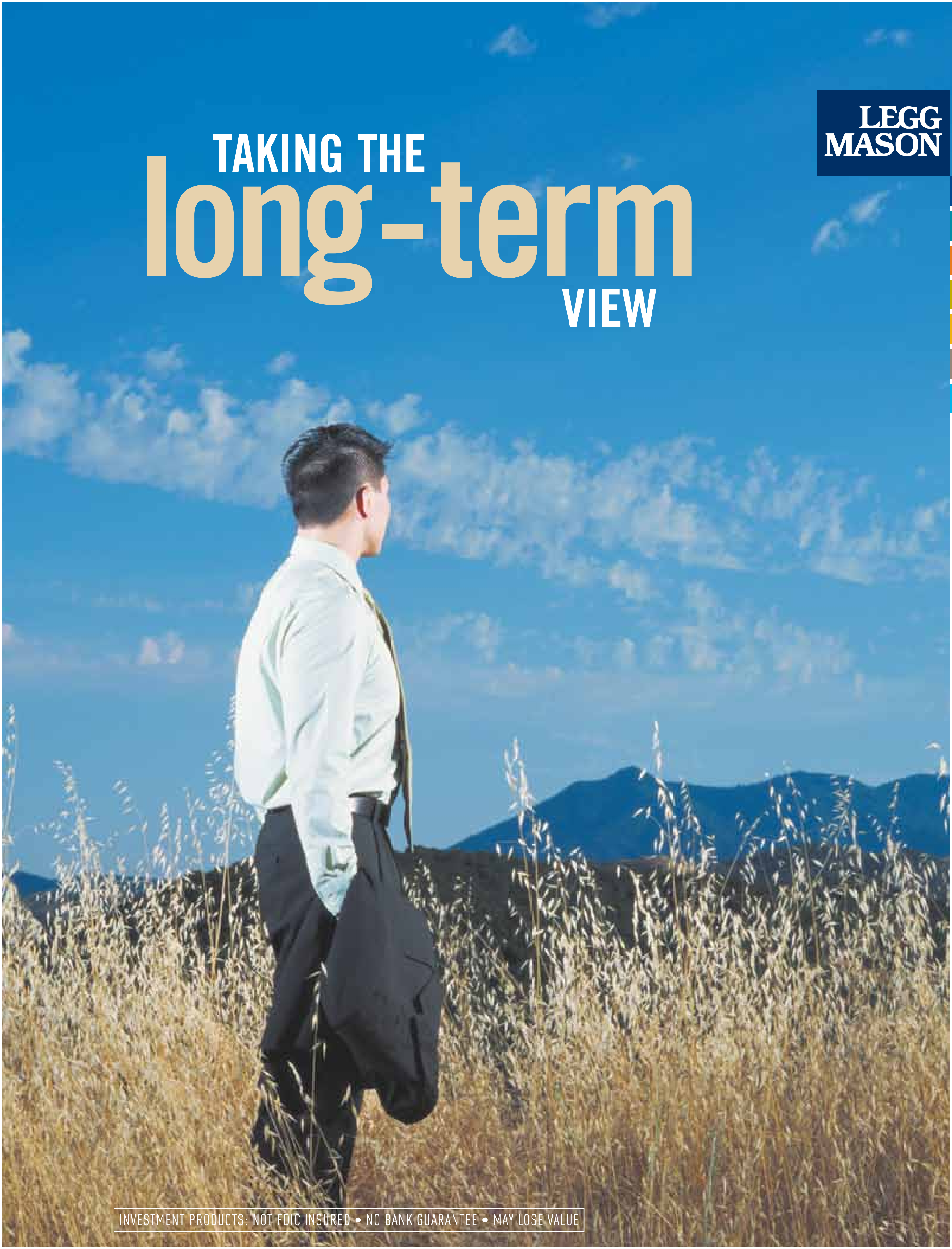
LEGG MASON

TAKING THE long-term VIEW



INVESTMENT PRODUCTS: NOT FDIC INSURED • NO BANK GUARANTEE • MAY LOSE VALUE

WHAT IS YOUR

INVESTMENT TIME HORIZON?

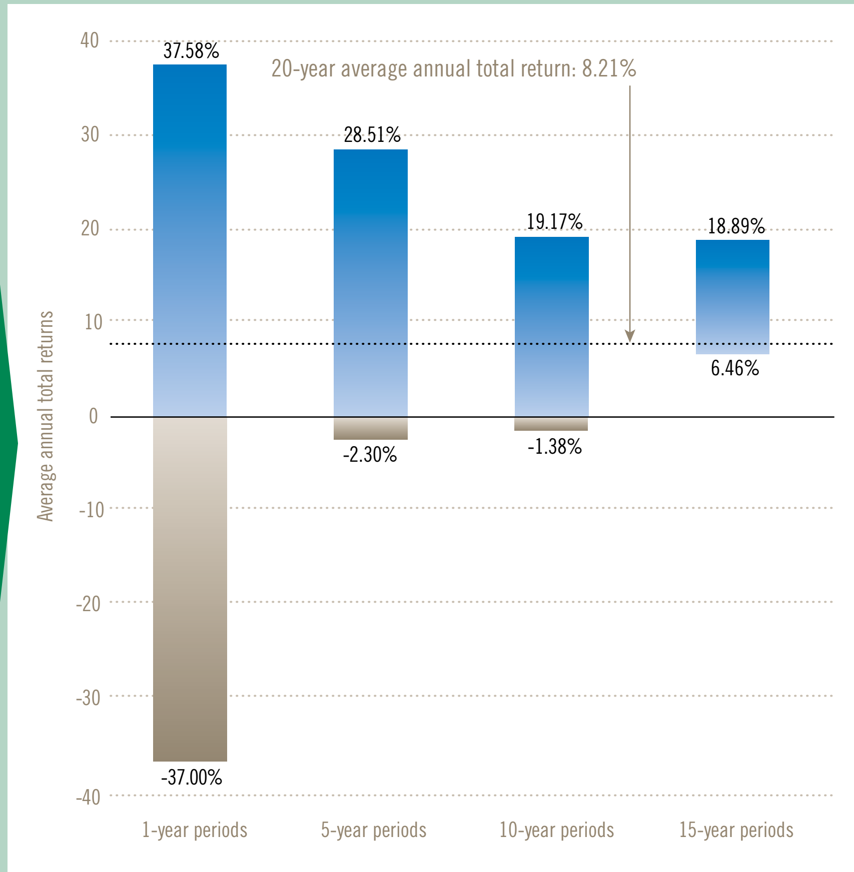
HOW MUCH TIME DO YOU NEED TO REACH YOUR GOALS?

History shows that the stock market's average return varies tremendously from year to year. Yet over the long term, the market's average returns are much more consistent.

The lesson is clear: The longer your time horizon, the steadier the potential returns.

The S&P 500 Index: average annual total returns[1]
Best, worst and average total returns — 12/31/1989-12/31/2009

- For example, between 1989 and 2009, one-year returns on the S&P 500 went as high as +37.58% and as low as -37%.
- Over the same two decades, the average return for any 10 years was at best +19.17% and at worst -1.38%.
- The average return for 15 years? At best, +18.89%, at worst, +6.46%. And it was positive 100% of the time.



[1] Source: Lipper, Bloomberg, as of 12/31/09.

Past performance is no guarantee of future results. The charts throughout this piece are for illustrative purposes only and represent unmanaged indexes in which investors cannot directly invest. The charts are not intended to represent the performance of any specific investment. Index returns assume the reinvestment of all distributions unless otherwise indicated. The S&P 500 Index (S&P 500) is an unmanaged index of 500 stocks that is generally representative of the performance of larger companies in the U.S.

All investments involve risk, including possible loss of principal.

WHEN INVESTING IN STOCKS,

PATIENCE IS A VIRTUE.

SINCE 1970, THERE HAVE BEEN EIGHT MAJOR BEAR MARKETS — WHEN THE S&P 500 DECLINED BY 20% OR MORE.

THE BEAR MARKETS OF 1973-1974, 1976-1978, 1980-1982, 1987, 1990, AND 2000-2002 WERE EACH FOLLOWED BY A STRONG BULL MARKET — WITH GROWTH THAT EXCEEDED THE BEAR MARKET DECLINES. **INVESTORS WHO STAYED INVESTED THROUGH BULL AND BEAR MARKET CYCLES WERE REWARDED FOR THEIR PATIENCE.**

Bull and bear markets, 1973-2009[2]

BEAR MARKET	LENGTH	% DECLINE	BULL MARKET	LENGTH	% GROWTH
1/11/1973-10/3/1974	**630 days**	**-48.20%**	10/3/1974-9/21/1976	**719 days**	**73.14%**
9/21/1976-3/6/1978	**531 days**	**-19.41%**[3]	3/6/1978-11/28/1980	**998 days**	**61.70%**
11/28/1980-8/12/1982	**622 days**	**-27.11%**	8/12/1982-8/25/1987	**1,839 days**	**228.81%**
8/25/1987-12/4/1987	**101 days**	**-33.51%**	12/4/1987-7/16/1990	**955 days**	**64.77%**
7/17/1990-10/11/1990	**87 days**	**-19.92%**[3]	10/11/1990-3/24/2000	**3,452 days**	**416.98%**
3/24/2000-10/09/2002	**929 days**	**-49.15%**	10/9/2002-10/9/2007	**1,826 days**	**101.50%**
10/09/2007-3/9/2009[4]	**517 days**	**-56.78%**	*Only time will tell...*		

Past performance is no guarantee of future returns. This chart is for illustrative purposes only. Please note that an investor cannot invest directly in an index.

[2] Source: Standard & Poor's (S&P), a division of The McGraw-Hill Companies, Inc. The S&P 500 Index is an unmanaged index of 500 stocks that generally reflects the performance of large-cap U.S. companies. A bear market represents a decline of 20% or more from a previous market peak, using the S&P 500 Index to represent the market. A bull market represents a rally of 20% or more, using the S&P 500 Index to represent the market.

[3] Loss fell short of the 20% decline usually associated with a bear market.

[4] This chart provides information on bull and bear markets since 1973. Only time will tell when the current market, which increased 64.83% during the period 3/09/09-12/31/09, will be over.

What kind of market returns will investors EARN OVER THE NEXT BULL MARKET?

Only time — and their time in the market — will tell.

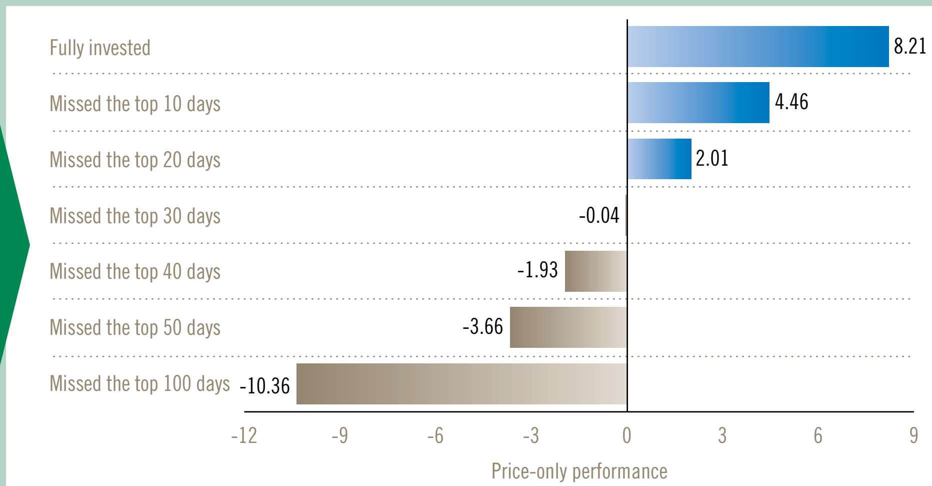
IT'S TIME IN THE MARKET —

NOT MARKET TIMING

MISSING A FEW DAYS IN THE MARKET COULD ALSO MEAN MISSING THE BIGGEST GAINS, WHICH ARE OFTEN CONCENTRATED IN A HANDFUL OF TRADING DAYS.

Annualized returns: S&P 500 Index from 12/31/1989-12/31/2009 (%)[5]

From the end of 1989 to the end of 2009, a hypothetical investment in the S&P 500 would have grown, on average, 8.21% a year — and that's without including the impact of dividends.



However...

- Missing only the best 10 days out of that period would have dropped that gain to just 4.46%.
- Missing the top 30 days — the equivalent of just one month out of 20 years — the return would have dropped to -0.04%.
- Missing the top 100 days would have actually have cost our hypothetical investor money — with a 10.36% loss.

Missing the "best" days can cost you

- If you invested $10,000 on 12/31/1989 and remained invested (through 12/31/09), your investment would be worth $47,278
- If you tried to time the market...
  - and missed the top 10 days, your investment would be worth $23,601
  - and missed the top 20 days, your investment would be worth $14,806
  - and missed the top 30 days, your investment would be worth $9,917
  - and missed the top 40 days, your investment would be worth $6,808
  - and missed the top 50 days, your investment would be worth $4,800
  - and missed the top 100 days, your investment would be worth $1,161

[5] Source: Thomson InvestmentView. These charts and references are for illustrative purposes only and do not represent an actual investment or the performance of any specific investment.

Past performance is no guarantee of future results.

HISTORY IS ON YOUR SIDE...

THE REWARDS OF LONG-TERM INVESTING

NO ONE KNOWS WHAT THE FUTURE HOLDS —

BUT INVESTORS WHO STAY THE COURSE HAVE BEEN WINNERS IN THE PAST.

When it comes to positive returns, the odds favor the long-term investor.

Consider these historical truths[6]:

Since 1929, the S&P 500 has had more than two times as many positive years as negative years:

57 positive years
Avg. return: +21.6%

VS.

24 negative years
Avg. return: -13.6%

The difference is even more dramatic when you compare 10-year rolling periods:

68 positive 10-year periods

VS.

3 negative 10-year periods

The lessons of history

- A long-term approach to investing has the greatest potential to achieve the most consistent results.
- Markets do go down — but eventually they recover. Investors who persevere through difficult periods have been rewarded over time for their patience.
- In a single year, the market's average return can be much higher or lower than average. But over longer periods, the average return tends to be more moderate.

[6] Sources: Lipper, InvestmentView and Standard & Poor's (S&P), a division of The McGraw-Hill Companies, Inc. **Past performance is no guarantee of future results.**

BUILT TO WIN℠

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